

ARTICLE APPEARED

ON PAGE

A-5

NEW YORK TIMES

23 June 1983

SOVIET INCREASED 1981 ARMS OUTLAY

Intelligence Officials Report a 4% Rise Despite Slump and Lower Living Standard

By RICHARD HALLORAN

Special to The New York Times

WASHINGTON, June 22—The Central Intelligence Agency and the Defense Intelligence Agency have told Congress that Soviet military spending continued to rise in 1981 at a steady rate despite a stagnant economy and a decline in Soviet citizens' standard of living.

In a report made public today, senior officials of the intelligence agencies said that Soviet military spending in 1981, the most recent year measured, was 4 percent higher than in the previous year and in line with earlier rates of increase.

At the same time, the intelligence officials said the Soviet economy grew only slightly, had setbacks in agriculture and key industries and had inflation that cut into the standard of living.

The confidential testimony before the Joint Economic Committee by the C.I.A. in December and by the D.I.A. last June seemed likely to be cited by the Reagan Administration to justify its proposals for increased United States military spending and for trying to apply economic pressure on the Soviet Union.

The committee chairman, Senator Roger W. Jepsen, Republican of Iowa, said in a press statement today that the D.I.A.'s "testimony indicates repeatedly that the Soviet commitment to military spending continues to increase, both in real terms and as a percent of gross national product."

'Downturn in Rate of Growth'

But Senator William Proxmire, Democrat of Wisconsin, reached a different conclusion. He said in a press release that the intelligence "shows a downturn in the rate of growth in military procurement since 1975."

The testimony on Soviet military spending from the senior officials was also at odds with press reports in March that some C.I.A. analysts thought such estimates had been overstated in recent years. They said the growth rate might have been only 2 percent.

The Director of the D.I.A., Lieut. Gen. James A. Williams, testified, "We see no change to the rising trend in defense expenditures in the past decade." The Chairman of the National Intelligence Council, Henry S. Rowen of the C.I.A., generally agreed.

But Mr. Rowen disagreed with assertions by President Reagan and Secretary of Defense Caspar W. Weinberger that the Soviet Union was superior to the United States in strategic nuclear weapons. Asked whether the Soviet Union had such superiority, Mr. Rowen replied: "No, I wouldn't conclude that." He said that wasn't the subject of the hearing but, "I wouldn't personally conclude that."

In his testimony, however, Mr. Rowen said "it is clear" that the Soviet Union and its allies have superiority over the conventional forces of the North Atlantic Treaty Organization in Europe.

Food Crisis Is Reported

General Williams and Mr. Rowen both said the Soviet economic growth rate was less than 2 percent in 1981, with few prospects of immediate improvement. Three or four years of crop failures, they said, were among the main causes.

"A food crisis has developed," General Williams said. "The food crisis is spilling over into virtually all sectors of the economy." He said that worker incentives had been reduced and productivity and industrial output declined.

A C.I.A. chart showed that the amount of grain produced for each Soviet citizen had dropped from 909 kilograms in 1978 to 590 in 1981, which compared with the 540 kilograms per person in 1913. A kilogram is 2.2 pounds.

Mr. Rowen also reported a rise in the mortality of men between the ages of 25 and 44, probably because of an increase in alcoholism, more industrial accidents and pollution. Life expectancy for Soviet men fell from 66 years in 1965 to 62 years in 1980, compared with a constant 74 years for Soviet women.

General Williams testified that political unrest in Poland was "having a very disruptive impact on the Soviet economy as well as the rest of Eastern Europe." The Soviet Union has lost imports of meat and other food, coal, copper, sulfur, vehicles and machinery.

The Expense of Polish Problems

On the other hand, the Soviet Union has had to provide Poland with hard currency loans, new credits, oil, food, raw materials and manufactured goods and has had to absorb huge trade deficits. The total cost of the Polish problems to the Soviet Union was deleted from the version of the report made public.

Mr. Rowen said military operations in Afghanistan, where the Soviet Union intervened in late 1979, have cost Moscow the equivalent of about \$2.7 billion a year.

On production of military weapons and equipment, General Williams said that "some systems were produced at lower rates in 1981 than during the previous year." A chart showed that only 9 submarines were built, compared with 11 or 12 in previous years, and only 7 large surface warships were built compared with 9 or 10 in earlier years.

The general said, however, that the trend was toward more advanced and bigger weapons that were most expensive.

With the Soviet economy stagnant, General Williams and Mr. Rowen said, the relative burden of military spending had grown heavier. But they said they saw no signs that Soviet leaders would relent. Mr. Rowen said, "They certainly don't regard it as a burden in the same sense that defense is a burden in any Western democratic society."